

SENATE THIRD READING
SB 364 (Strickland)
As Amended September 02, 2025
Majority vote

SUMMARY

This bill modifies the Department of Transportation's (Caltrans) review process when considering a permit application for a new advertising display, as specified.

Major Provisions

1) Prohibit Caltrans from denying or delaying the acceptance of a permit application for a new advertising display along a portion of a new alignment of an interstate or primary highway on the basis that the highway project has not been accepted as complete if the section of highway is open to the use of the public for vehicular travel within 1,000 feet of the location specified in the permit application.

COMMENTS

Background.

Since 1933, Caltrans has enforced the State Outdoor Advertising Act (California Business and Professions Code Section 5200 et seq.), which establishes comprehensive standards and regulations for outdoor advertising displays, commonly known as billboards. The department regulates the placement of such displays that are visible from California highways.

Outdoor advertising displays require a permit from Caltrans if they are within 660 feet from the edge of the right-of-way and viewed primarily by persons traveling on the main-traveled way of the freeway. In order to enforce the requirements for outdoor advertising under HBA and the State's OAA, Caltrans regularly inspects freeways and highways that are part of the National Highway System. If the state fails to properly administer the federal program, the state is subject to a sanction reducing federal highway funding allocations by 10%.

The OAA regulates the size, illumination, orientation, and location of advertising displays adjacent to and within specified distances of interstate or primary highways, and, with some exceptions, specifically prohibits any advertising display from being placed or maintained on property adjacent to a section of landscaped highway.

The Act generally does not apply to "on premises" advertising displays, which include those advertising the sale of the property upon which it is placed or that advertise the business conducted, services rendered, or goods produced or sold on the property. Local governments regulate on-premises displays, except for certain safety requirements. Lastly, existing law includes a number of exceptions to the OAA and assigns Caltrans the responsibility of reviewing and permitting signs that qualify for these exceptions.

Caltrans project acceptance. The "acceptance" of a highway project is the final step in the project delivery process where Caltrans confirms the construction project has been "completed" in accordance with the agreed contract specifications, approved plans, and applicable regulations. Ultimately, this is the formal step that marks the transition from active construction to full operational use. Several components of the project acceptance process include, but are not

limited to, final inspection by Caltrans engineers, "punch list" completion, and the contractor submitting the final documentation for the project. In certain instances, Caltrans may relieve the contractor of the responsibility for maintaining and protecting completed portions of a highway project. This action, otherwise known as "maintenance and protection relief," may occur when Caltrans determines that the work on a specific segment meets contract specifications and is ready for operational use. It's important to note, that while this action is available, the Caltrans Construction Manual stresses that this action should only be considered when very specific criteria is met.

The author of this bill references several highway projects to highlight the need for this measure. In these cases, although the highways have been opened to vehicular traffic, they have not been officially accepted by Caltrans. As a result, Caltrans is denying permit applications for outdoor advertising displays along these segments. For example, the Interstate 405 (I-405) project in Orange County, while the major highway project has been open to vehicular travel for over a year, an outdoor advertising application for a display in Fountain Valley has been denied due to the I-405 project not being "accepted." While the project segment of I-405 opened to motorists in October of 2023, Caltrans has indicated to the permit applicant that this I-405 project segment is not scheduled to be accepted until sometime in 2027. In turn, no outdoor advertising application will be reviewed by Caltrans for this project segment until then.

This measure attempts to remedy this administrative issue by directing Caltrans to review submitted outdoor advertising applications along highway project segments if the section of highway is open to the use of the public for vehicular travel within 1,000 feet of the location specified in the permit application.

According to the Author

According to the author, "Building and renovating freeways takes a long time and is completed in sections. Current law does not require [Caltrans] to process applications for new advertising displays under the department has accepted the total highway project as complete even when the segment of the freeway where the display will be visible is fully functional and open for vehicular traffic. SB 364 simply removes this barrier by allowing outdoor displays to be erected along new freeways as soon as a segment is open for vehicular traffic."

Arguments in Support

This bill is supported by local government entities from the Orange County region and the California State Outdoor Advertising Association, which argues, "This bill modernizes an outdated administrative practice without compromising safety or land use standards."

Arguments in Opposition

Scenic Los Angeles writes, if enacted, this measure would undermine decades of state and federal policy that protects California's communities, highways, and taxpayers from the unchecked proliferation of billboards.

FISCAL COMMENTS

According to the Assembly Appropriations analysis, "Cost pressures of an unknown amount, potentially in the millions of dollars, to Caltrans for approving advertising displays along a highway project that is not fully complete (State Highway Account). Caltrans notes that such a display may need to be moved due to an unforeseen circumstance prior to project completion, such as the miscalculation of right-of-way property lines to which the display borders. In such a

circumstance, the display may be subject to a condemnation action once the highway project is fully accepted, requiring Caltrans to provide compensation to a display owner. Due to various factors, such as location, market value, traffic volume, the cost of replacing or moving a display, and the total number of displays that may be impacted within a given year, compensation for one display may range from the hundreds of thousands of dollars to the millions of dollars."

VOTES

SENATE FLOOR: 38-0-2

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Limón, Reyes

ASM GOVERNMENTAL ORGANIZATION: 22-0-0

YES: Blanca Rubio, Davies, Alvarez, Berman, Bryan, Carrillo, Dixon, Fong, Gabriel, Gipson, Macedo, McKinnor, Nguyen, Pacheco, Ramos, Michelle Rodriguez, Sanchez, Solache, Soria, Ta, Valencia, Wallis

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Sanchez, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache, Ta, Tangipa

UPDATED

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